

VZCZCXRO0644
OO RUEHCN RUEHGH
DE RUEHIN #0547/01 0680903
ZNY CCCCC ZZH
O 090903Z MAR 07
FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4386
INFO RUEHB/AMEMBASSY BEIJING 6441
RUEHUL/AMEMBASSY SEOUL 8509
RUEHK/AMEMBASSY TOKYO 8551
RUEHWL/AMEMBASSY WELLINGTON 1728
RUEHCN/AMCONSUL CHENGDU 1729
RUEHGZ/AMCONSUL GUANGZHOU 0047
RUEHHK/AMCONSUL HONG KONG 7693
RUEHGH/AMCONSUL SHANGHAI 0868
RUEHSH/AMCONSUL SHENYANG 5697
RHHMUNA/USPACOM HONOLULU HI
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000547

SIPDIS

SIPDIS

E.O. 12958: DECL: 03/09/2017

TAGS: PGOV PREL PINR MASS MCAP CH TW

SUBJECT: TAIWAN PRESIDENTIAL CANDIDATE MA YING-JEOU:
OPTIMISTIC ON KMT NOMINATION, WORRIED ABOUT INDICTMENT

REF: A. TAIPEI 0125

¶B. TAIPEI 0356

Classified By: AIT Director Stephen M. Young. Reason(s):
1.4 (B/D)

¶1. (C) Summary. KMT presidential candidate Ma Ying-jeou told AIT Director March 8 that he is optimistic about his nomination and election chances. While noticeably more relaxed than in earlier meetings, Ma did express concern and uncertainty over how his indictment for misuse of funds will play out. Ma is currently the only declared KMT presidential candidate, but Legislative Yuan (LY) Speaker Wang Jin-pyng continues to hint that he may declare his candidacy by the April 22 KMT registration deadline. Comment: Ma continues to be a frontrunner in early polls on next year's presidential election, but a conviction, or even just a messy drawn-out legal process, could considerably weaken him and keep the presidency in DPP hands for another few years. End Summary and Comment.

¶2. (C) In the first of his planned meetings with Taiwan's declared presidential candidates, the Director found KMT candidate Ma Ying-jeou to be considerably more relaxed and inquisitive on March 8 than in earlier meetings (see reftels). Meetings with Ma when he was double-hatted as Taipei Mayor and KMT Chairman were time constrained and Ma often appeared distracted by his many responsibilities and frenetic schedule. This meeting, however, lasted over an hour in a borrowed office pending establishment of Ma's Taipei campaign headquarters. Ma was accompanied by KMT legislator Su Chi, his chief foreign affairs campaign advisor, and former Taiwan Ambassador to Dominican Republic John Feng (Chi-tai), who is assisting Su.

Ma on President Chen

¶3. (C) Ma unaccustomedly opened the meeting with questions, asking the Director about Washington's reaction to President Chen Shui-bian's "four wants and one without" statement last Sunday. He asked why the U.S. response to Chen's provocative statement seemed softer than the February 9 U.S. reaction to Chen's name change announcements. The Director countered that the U.S. responses were, in fact, quite similar. He

explained that the responses in both cases conveyed U.S. opposition to unilateral actions by either Taiwan or Mainland China and U.S. support for maintaining the cross-Strait status quo. It is important, the Director told Ma, that the U.S. and Taiwan maintain close communication and that there not be any surprises between them.

¶4. (C) The Director went to considerable length emphasizing that the U.S. has no favorites in the upcoming presidential election and that AIT will work with whomever the Taiwan voters elect. The U.S. is looking ahead to the next administration, he explained, which is why he is seeking meetings with each of the presidential candidates. The U.S. will remain strictly neutral toward the candidates, he reiterated, and expects to work closely with the person chosen by Taiwan's electorate to serve as next president on a whole range of important bilateral issues.

KMT Presidential Race: The Wang Factor

¶5. (C) Referring to press reports of an agreement on March 7, Ma explained that he and LY Speaker Wang Jin-pyng had agreed that the primary winner would give the other "first right of refusal" for the vice presidency. Ma said he felt the agreement was premature, but understood the pressure from impatient KMT supporters who demand party unity. Ma noted that KMT Acting Chairman Wu Po-hsiung had brokered the agreement just in time for his own registration on March 8 to run for the KMT Chair position vacated by Ma.

¶6. (C) Will Wang Jin-pyng actually run for the KMT presidential nomination as he has been hinting, the Director asked. "I really don't know," responded Ma. Wang's

TAIPEI 00000547 002 OF 003

SUBJECT: TAIWAN PRESIDENTIagzUy}+decides to do.
(Note: Later on March 8 after the Director's meeting with Ma, Wang Jin-pyng refused to confirm to the press that he would, in fact, accept the vice presidential nomination under Ma, casting doubt on the previous day's reported agreement and hinting once again that he might run for the KMT presidential nomination. End Note)

Ma's Campaign Platform

¶7. (C) In response to the Director's query about his presidential platform, Ma said economic relations with Mainland China and opening up cross-Strait relations top his priority list. Taiwan, he argued, would have performed far better economically if trade and transportation had been opened. Rather, DPP policies over the past six years had been defensive, and needed reforms that would have increased Taiwan competitiveness had been delayed, such as direct transportation and admitting PRC engineers. While Mainland China is a threat, Ma continued, it is also an opportunity, and he (Ma) intends to focus on the latter. He added cryptically that cross-Strait opening would enhance economic integration, which could "actually reduce Taiwan's threat level." Ma told the Director that KMT Honorary Chairman Lien Chan, who will reportedly make his fourth trip to the PRC this spring, embodies the KMT's cross-Strait policy of "one China, different interpretations."

¶8. (C) Noting recent efforts by DPP presidential contenders to reach out to the party's "deep-Green" pro-independence base, the Director asked Ma if he was under similar compulsion to reach out to the KMT's "deep-Blue" pro-unification base. Ma shrugged uncertainly, then acknowledged that many deep-Blue supporters were upset by President Chen's name change and efforts to besmirch the memory of former President Chiang Kai-shek. The name change movement, he argued, will both waste money and have important symbolic implications. There is no other nation in the world, he claimed, that uses a different name on its stamps than its formal name. Ma acknowledged, however, that the

outraged KMT members were largely elderly mainlanders, as most younger KMT supporters "do not care" about name change or Chiang Kai-shek. Finally, Ma cautiously questioned the ruling DPP claims that 20,000 or more people died in the 1947 "228 incident." This claim, he said, is far out of line with the approximately 900 families that have applied for and received compensation from the 228 compensation fund that Ma himself, as Minister of Justice, established in the 1990's.

¶9. (C) Is the Taiwan "local consciousness" issue going to hurt Ma's presidential campaign, the Director asked, noting Wang Jin-pyng's assertions that Ma cannot win votes in "pro-Green" central and southern Taiwan. No, Ma responded, pointing out that he had received 76/72/66 percent of the vote in, respectively, north/middle/south Taiwan in the island-wide July 2005 KMT Chairman race. (Note: This is not the same as carrying strong support from the general electorate. End Note.)

Ma Deeply Worried About His Legal Situation

¶10. (C) Ma acknowledged to the Director that he is concerned about how his indictment for misuse of Taipei mayoral funds (see ref b) will affect both his presidential nomination and his election hopes. (Note: Amb. Feng separately told AIT that Ma is "deeply worried" about the court case, a concern which, Feng said, dominated both Ma's thinking and actions and his interview with Time magazine on Tuesday. End Note.) Noting that the prosecutors had conveyed his case to the court on March 6, Ma said he understands the first hearing would be held "soon" but that he "can't predict what will happen." The fact that the prosecutors indicted him for the part of his mayoral budget that does not require receipts while ignoring the same part of President Chen's state affairs budget suggests political discrimination, Ma complained to the Director. He also pointed out that the

TAIPEI 00000547 003 OF 003

Ministry of Justice last fall ruled that special budget accounts should be considered direct stipends to government officials.

Defense Budget Stalemate

¶11. (C) The Director told Ma that Taiwan's friends in the U.S. remain very worried about the defense budget stalemate, which could undermine support for Taiwan in the U.S. In his meeting with President Chen two weeks ago, the Director pointed out, Congressman Steve Chabot, a long-time and strong supporter of Taiwan, had raised his concern over the failure of the defense budget to pass, pointing out that his colleagues in the Congressional Taiwan Caucus did not understand the delay. The longer this drags on, the Director emphasized to both Ma and legislator Su Chi sitting at his side, the more it hurts our bilateral ties and mutual trust. This condition will, he emphasized, be inherited by Taiwan's next president.

¶12. (C) (Comment: Su Chi separately told AIT that he was hopeful there might be progress on the budget stalemate in cross-party negotiations in the "additional session" of the LY that would be held later that day, March 8. The afternoon session, however, ended in stalemate with "Blue" and "Green" legislators refusing to yield on either the 2007 budget or the Central Election Commission, respectively, thus continuing the stalemate until at least next Thursday's probable additional session. End Comment.)
YOUNG